



Maintaining an Ethical and Compliant Business



Executive Summary

This document is an overview of Teva's compliance and ethics strategy, program and systems. Additional details follow the Executive Summary and our [ESG Progress Report](#), which contain more information on relevant targets, progress and metrics.

Conducting business with integrity and transparency is non-negotiable for Teva. At Teva, what we achieve is important, but how we achieve it is just as important. We want to succeed the right way, not by any means necessary.

- **Compliance and Ethics Strategy:** Teva's compliance and ethics strategy encompasses the following recognized standards and best practices:
 1. Commitment from senior management and a clearly articulated policy against corruption,
 2. A Code of Conduct and compliance policies and procedures,
 3. Oversight, autonomy and resources,
 4. Compliance training, communication and continuing advice,
 5. Third-party due diligence management, including for mergers and acquisitions,
 6. Compliance risk assessments and monitoring,
 7. Confidential reporting of misconduct or concerns; internal investigation, analysis and remediation of misconduct; appropriate remediation and disciplinary measures, and
 8. Continuous improvement of the compliance program through benchmarking, surveys and internal and external business analyses

The following summarizes how Teva implemented these standards and best practices into its compliance and ethics program:

- **Governance and Resources:** Teva's management is committed to operating ethically and our robust compliance policies, trainings, tools and resources support compliant and ethical business practices. These include a Code of Conduct and policies and programs related to the prevention of corruption, third party management and data privacy. The Chief Compliance Officer has a reporting line to Teva's Chief Executive Officer (CEO) and direct access to the Compliance Committee, part of Teva's Board of Directors. The latter oversees Teva's compliance and ethics program. The Global Compliance and Ethics (GC&E) department has local, regional and functional compliance professionals deployed throughout the company.
- **Code of Conduct and Key Policies:** [Teva's Code of Conduct](#) outlines Teva's values and compliance and ethics expectations for all employees. Teva's [Global Prevention of Corruption Policy](#) details standards of appropriate interaction with government officials and members of the healthcare community. Other key policies include Teva's [Global Third Party Due Diligence Policy](#) and [Global Data Privacy Policy](#).
- **Compliance Training, Communication and Advice:** GC&E assigns each new employee the Code of Conduct training and additional courses based on the employee's risk-based job classification. GC&E has annual training campaigns targeting relevant populations of employees using the same risk-based approach. For all employees, recertification on the Code of Conduct occurs every two years. GC&E also conducts Compliance Mastery Training tailored for management teams and ad hoc compliance trainings for other teams and individuals as requested or needed.



Teva communicates about compliance through various channels, including: formal departmental announcements, Teva's intranet and the GC&E website, company town hall presentations and newsletters, screen reminders and desktop screensavers, targeted written guidelines and e-mail reminders.

GC&E provides compliance advice at business meetings, local and regional compliance committees, senior management and Board meetings and in frequent interactions with business colleagues throughout the normal course of business.

- **Compliance Risk Assessment, Monitoring and Systems:** GC&E assesses compliance risk from many sources. These sources include regulatory guidance, new or changed legislation, internal and external audit reports, business monitoring analyses, advice from internal and external legal colleagues, results of employee and compliance surveys, case analyses from the Office of Business Integrity, and benchmarking data on risk and best practices supplied by external consulting firms.

To assess and remediate compliance risk, Teva has an activity approval tool for business colleagues to submit, obtain approval and document compliance-related activities, including interactions with government officials and members of the healthcare community. Teva has a monitoring system to identify and evaluate compliance-related activities. GC&E analyzes monitoring results to determine risks and trends, advise business colleagues, recommend process improvements and guide and develop subsequent risk assessments and monitoring plans.

Two additional tools support compliant and ethical behavior. The first is a due diligence tool developed to manage third-party risk using a vast, regularly updated database of publicly available information on third parties. Using proprietary algorithms, Teva helps business sponsors identify and remediate relative risk of engaging with third parties. The second is an industry-standard data privacy platform to manage data privacy risk. This allows Teva to process and control personal data appropriately.

GC&E assesses sanctions and trade control risk using industry standard sanction screening tools. GC&E works with procurement and finance colleagues to enhance the standard "procure to pay" process to ensure Teva evaluates third party representatives before formal engagement. GC&E also ensures systems are in place to track and report transfers of value to members of the healthcare community.

- **Reporting and Addressing Compliance Issues:** Central to Teva's ability to report and address concerns is the Office of Business Integrity (OBI), which operates the Teva's Integrity Hotline and investigates allegations of misconduct. The OBI empowers employees to speak up on issues of potential concern and provides Teva with important information for management to remediate issues, implement process improvements and make decisions on disciplinary measures.
- **Fostering a Culture of Integrity:** We strive to create a culture of integrity and compliance throughout our company. Our Board members and senior management communicate the importance of doing work with integrity and obtaining business the right way. We design our training to highlight the responsibility we all share for compliant and ethical behavior, and we encourage employees to speak up if they observe potential misconduct or fraud. We recently redrafted key policies to simplify language for ease of understanding and developed an internal, interactive Code of Conduct to enhance employees' ethical decision-making. We also created a compliance and ethics resource library of tailored messages for managers to use in communication channels and team settings.
- Recent surveys indicated employees have favorable perceptions of Teva's culture of integrity.



Policies and Positions

[Teva's Code of Conduct](#)

[Teva's Position on Government Affairs](#)

[Teva's Policy on the Prevention of Corruption](#)

[Teva's Position on Marketing and Promotional Practices](#)

[Teva's Supplier Code of Conduct](#)

[Teva's Position on Pricing](#)

[Teva's Enterprise Risk Management Position](#)



Compliance and Ethics Strategy

Our compliance and ethics strategy focuses on eight key operational elements. For a status on these elements, see our latest [ESG Progress Report](#).



Governance and Resources

Teva's Compliance and Audit Committees of the Board of Directors oversee our compliance program and activities. Compliance Committee members meet at least four times a year and report to the Board. The Compliance Committee oversees Teva's policies and practices for complying with laws, regulations and internal procedures; policies and practices regarding issues with potential to affect our business and reputation; global public policy positions and government affairs activities; and our environmental, social and governance (ESG) strategy.

Our Chief Compliance Officer manages a global team of local, regional and functional compliance professionals and reports organizationally to the Chief Legal Officer and CEO on a matrix basis. GC&E provides compliance support to the Commercial, R&D and Teva Global Operations business units as well as to various global functions. Our Chief Compliance Officer attends and participates in Compliance Committee meetings and has unencumbered access to members of the Board.



Code of Conduct and Key Policies

[Teva's Code of Conduct](#) outlines Teva's values and compliance and ethics expectations for our employees in many subject matter areas. The Code is available in more than 40 languages. Each Code provision reflects our values and identifies and explains situations where employees must act in accordance with our values.

Teva provides each new employee with a copy of the Code of Conduct, in addition to risk-based foundational training. GC&E has an annual compliance and ethics training program targeting relevant populations of employees using the same risk-based approach. Recertification on the Code of Conduct occurs every two years.

Our [Global Prevention of Corruption Policy](#) details Teva's anti-corruption and anti-kickback standards for all employees. These standards guide how we collaborate and interact with government officials and members of the healthcare community, including governmental and non-governmental organizations, scientists, healthcare professionals, trade and industry associations, patients and patient associations.

Teva does not tolerate any form of bribery or corruption. Teva commits to never, both directly or indirectly, give, offer or promise anything of value to improperly obtain or retain business, secure a business advantage or improperly influence any other decision or action by the recipient.

Other key policies include Teva's [Global Third Party Due Diligence Policy](#) and [Global Data Privacy Policy](#).



Compliance Training, Communication, and Advice

Teva's compliance and ethics trainings are integral to employee education and awareness. GC&E assigns each new employee with a core curriculum, including Code of Conduct training and principles-based online training on various topics—some of which require policy certification.

GC&E also has annual training campaigns targeting relevant populations of employees. Recertification on the Code of Conduct for all employees occurs every two years.

The GC&E team also conducts Compliance Mastery Training tailored for local teams, Listening for Signals workshops for management teams to identify local risks and articulate remediation pathways and ad hoc compliance training for other teams and individuals as requested or needed.

Teva communicates about compliance through various channels, including: formal departmental announcements, Teva's intranet and GC&E website, company town hall presentations and newsletters, screen reminders and desktop screensavers, targeted written guidelines and e-mail reminders.

GC&E provides compliance advice at business meetings, local and regional compliance committees, senior management and Board meetings and in frequent interactions with business colleagues throughout the normal course of business.



Compliance Risk Assessment, Monitoring, and Systems

GC&E assesses compliance risk from many sources. These sources include regulatory guidance, new or updated legislation, internal and external audit reports, business monitoring analyses, advice from internal and external legal colleagues, results of employee and compliance surveys, case analyses made by the OBI and benchmarking data on risk and best practices supplied by external consulting firms. Teva has processes and compliance mechanisms in place to improve risk management and identify issues related to corruption and other compliance topics.

Enterprise Risk Management: In line with [Teva's Enterprise Risk Management Position](#), we created organizational structures to identify, manage and monitor risks through our enterprise risk management (ERM) process. The ERM process includes a series of assessments and measures that help detect risks across the organization. We routinely assess and remediate compliance risk for all operations that have touchpoints with healthcare professionals or government officials. This includes geographies where we have commercial, manufacturing and R&D operations as well as areas where we work through distributors or other third parties. We manage risks based on robust internal and external data. Risk ratings determine monitoring efforts—higher risk ratings are associated with greater monitoring. As risks evolve or increase, we adapt by adjusting our monitoring activity. We monitor trends and changes in the external environment, such as enforcement action or new laws, to continuously refresh training and promote integrity and ethics.

Activity Approval Tool: Teva has an online system for business colleagues to submit, obtain approval and document compliance-related activities, including interactions with government officials and members of the healthcare community.

Monitoring System: Teva has a monitoring system to identify, monitor and evaluate compliance-relevant activities. GC&E analyzes monitoring results to determine risks and trends, advise business colleagues, recommend process improvements and guide and develop subsequent risk assessments and monitoring plans.

Due Diligence Tool: Teva has an online due diligence tool to manage third-party risk using a vast, regularly updated database of publicly available information on third parties. Using proprietary algorithms, Teva helps business sponsors identify and remediate relative risk of engaging with third parties.

Data Privacy Platform: Teva has an industry standard data privacy platform to process and control personal data appropriately.

Sanctions Screening, Procure-to-Pay, and Transparency: GC&E assesses sanctions and trade control risk using industry standard sanction screening tools. GC&E works with procurement and finance colleagues to enhance the standard “procure to pay” process to ensure that Teva evaluates third party representatives before formal engagement. GC&E also ensures systems are in place to track and report transfers of value to members of the healthcare community.



Reporting and Addressing Compliance Issues

Under our Code of Conduct, all Teva employees are encouraged to speak up if they suspect improper conduct. The OBI is a dedicated team charged with objectively and confidentially investigating reports of misconduct that violate our Code, values, policies or laws. Employees can contact the OBI through a designated email address or make a report through Teva's Integrity Hotline, which is available in countries where Teva operates.

The OBI reviews all new reports within 48 hours of receipt, conducts all investigations in a strictly confidential and objective manner and provides factual findings to relevant stakeholders. Management and Human Resources make decisions related to corrective actions considering all relevant facts and circumstances identified during the investigation.

The OBI provides guidance to Management and Human Resources to help ensure their decisions regarding corrective actions are applied consistently throughout the company. This may include coaching, policy and process review, reprimand, warning, termination and vendor disengagement. The OBI provides regular summary reports to key stakeholders, including the Audit Committee, analyzes trends and identifies potential areas for improvement and lessons learned.



Fostering a Culture of Integrity

We strive to create a culture of integrity and compliance throughout our company. Our Board members and senior management communicate the importance of doing work with integrity and obtaining business the right way. We design our training to highlight the responsibility we all share for compliant and ethical behavior, and we encourage employees to speak up if they observe potential misconduct or fraud. We recently redrafted key policies to simplify language for ease of understanding and developed an internal, interactive Code of Conduct to enhance employees' ethical decision-making. We also created a compliance and ethics resource library of tailored messages for managers to use in communication channels and team settings.

Recent surveys indicated employees have favorable perceptions of Teva's culture of integrity.

